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KLEYR GRASSO contributes to the Chambers and Partners International Arbitration 2025 Global Practice Guide

We are proud to announce that KLEYR GRASSO is the exclusive contributor for Luxembourg in the Chambers and Partners International Arbitration 2025 Global Practice Guide.

In this edition, our experts **Emilie Waty** and **Kloris Vjerdha**, members of our Corporate and Finance Litigation department, provide a detailed overview of Luxembourg's arbitration legal framework. Their contribution highlights the jurisdiction's strengths as a reliable and attractive venue for resolving international disputes.

This recognition reflects our firm's deep expertise in arbitration and our commitment to delivering strategic, cross-border dispute resolution services to our clients.

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1. General

1.1 Prevalence of Arbitration

Located at the heart of Europe and armed with a strong economy that attracts global investors and pushes companies to establish their corporate presence in its territory, Luxembourg presents itself as a highly favourable jurisdiction for international arbitration.

Particularly, following the introduction of the law of 19 April 2023 (the "Luxembourg Arbitration Law"), amending the Title I of Book III of the New Code of Civil Procedure (NCCP), which effects a large-scale reform of Luxembourg's legal framework for domestic as well as international arbitration and further aims to improve flexibility, speediness and confidentiality, Luxembourg has effectively enhanced its attractiveness as a seat of international arbitration matters.

Similarly to most jurisdictions, traditional litigation before courts remains the predominant recourse when a dispute arises in Luxembourg. However, over the past several years the number of arbitration cases has significantly increased by over 60%, of which over 85% pertain to international arbitration matters where at least one party is located outside of Luxembourg.

Given Luxembourg's standing as an international forum, parties most commonly resort to it for the enforcement of arbitral awards which has become a frequent and well-established occurrence. With its continuous efforts to promote itself as an arbitration-friendly jurisdiction, Luxembourg is increasingly serving as the seat for arbitral proceedings.

1.2 Key Industries

In Luxembourg, there are ongoing efforts to promote greater reliance on arbitration proceedings for disputes in the financial and banking sectors. In recent years, there has been an important increase in the number of contracts containing an arbitration clause and, as a result, international arbitration related to investment funds disputes has become an indisputable trend.

This is largely attributable to Luxembourg's expanding role as a global hub for the restructuring and management of such funds, its high concentration of cross-border transactions as well as its regulatory sophistication on the matter.

Specifically, Luxembourg is the largest investment fund centre in Europe with net assets under supervision of over EUR5,820.1

billion. The abundance of such funds undoubtedly triggers unavoidable disputes and therefore positions arbitration as an attractive mechanism of alternative dispute resolution due to its enforceability, privacy and flexibility.

1.3 Arbitration Institutions

The Arbitration Center of the Luxembourg Chamber of Commerce, also known as the Luxembourg Arbitration Center (LAC) was established in 1987 and serves as the principal arbitral institution in Luxembourg for the administration and resolution of domestic and international disputes. The LAC is managed by its Council and assisted in its work by the Secretariat.

The LAC operates pursuant to its own set of procedural rules, namely the Rules of Arbitration of the Luxembourg Chamber of Commerce (the “LAC Procedural Rules”). The LAC Rules, which draw inspiration from the arbitration rules of the International Chamber of Commerce (ICC), were most recently revised on 1 January 2020, and are available on its official website both in English as well as in French.

In addition to its primary function of administering arbitration proceedings, the LAC is also committed to promoting arbitration in Luxembourg and provides support to regional arbitration associations, such as the Think Tank for Arbitration and the Luxembourg Arbitration Association (LAA), a non-profit organisation dedicated to the promotion and development of arbitration practice in Luxembourg founded in 1996.

Apart from the LAC, prominent bodies such as the ICC, the London Court of International Arbitration (LCIA), the German Arbitration Institute (DIS) as well as the Belgian Centre for Arbitration and Mediation (CEPANI) are frequently employed in international arbitration cases in Luxembourg.

To further strengthen Luxembourg’s collaboration with foreign arbitral institutions, the Luxembourg Chamber of Commerce signed, along with the Belgian Center for Arbitration and Mediation (CEPANI), the Netherlands Arbitration Institute (NAI), the Dutch Arbitration Association (DAA) and the LAA, a co-operation agreement to promote arbitration in the Benelux area.

1.4 National Courts

In Luxembourg, there are no specialised courts expressly designated to adjudicate disputes related to international or domestic arbitration. Where an arbitration proceeding is pending, state courts are required to stay any identical cases submitted to them.

However, the Arbitration Law introduced in 2023 provides for the involvement of state courts in support of the arbitration process, particularly through the role of the supporting judge (*juge d’appui*), as set out in Articles 1229 and 1230 of the NCCP, which is inspired by French law. The Luxembourg provisions are also consistent with the United Nations Commission on International Trade Law of 1985 (the “UNICITRAL Model Law”).

The supporting judge, who is the President of the District Court sitting as in summary matters (*Président du Tribunal d’arrondissement siégeant comme en matière de référé*), may be seized either by one of the parties, by the arbitral tribunal or by one of its members, and has jurisdiction where any of the following conditions are met:

- the seat of the arbitration is Luxembourg;
- the parties have agreed that the arbitration will be governed by Luxembourg procedural rules;
- the parties have expressly conferred jurisdiction upon the Luxembourg courts in matters related to arbitration; or
- the dispute bears a significant link with Luxembourg.

In addition, the supporting judge may also intervene in various aspects of the arbitral proceedings, in order to facilitate the process such as in the appointment of arbitrators (see 4.3 Court Intervention) as well as in the issuance of interim and conservatory measures (see 6.2 Role of Courts).

2. Governing Legislation

2.1 Governing Law

The Luxembourg rules governing arbitration are codified within a dedicated section of the NCCP, specifically in Articles 1224 to 1251, as amended by the Arbitration Law entered into force on 19 April 2023.

The Law establishes mandatory provisions governing the conduct of arbitration. These include the matters that can be submitted to arbitration, the circumstances under which an arbitral award might be set aside, the enforcement of arbitration awards by an order of the President of the District Court, as well as the matters that are expressly excluded from arbitration.

Historically, the arbitration framework in Luxembourg was primarily inspired by French law. Presently, the Luxembourg Arbitration Law is also significantly influenced by the UNICITRAL Model Law which has been transposed in over 100 countries and aims to harmonise arbitration law internationally.

Although the Luxembourg Arbitration Law and the UNICITRAL Model Law are largely aligned, certain nuances persist. For instance, the 2023 Arbitration Reform introduced a maximum duration of six months for the conduct of arbitral proceedings, a procedural requirement that is not foreseen by the UNICITRAL Model Law.

2.2 Changes to National

Law On 19 April 2023, Luxembourg undertook a reform of its arbitration law, aimed at modernising the existing legal framework and better aligning it with the expectations of market actors as well as international standards in alternative dispute resolution. The new text applies, in principle, to arbitration agreements concluded subsequent to 25 April 2023.

The reform introduced significant innovations aiming at enhancing the efficiency of arbitral proceedings. Among other things, the new text introduces the role of the supporting judge (see 1.4 National Courts) as well as creates a swift legal framework where the maximum duration of the arbitral proceedings is set, in principle, to six months

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